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C O N F I D E N T I A L SECTION 01 OF 02 MINSK 000458

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SUBJECT: CUTS TO SOCIAL BENEFITS ON THE HORIZON

Classified By: Ambassador Karen Stewart for reason 1.4 (d).

#### Summary

1. (C) Cuts to in-kind benefits scheduled to take effect in 2008 would reduce subsidies to two-thirds of Belarusians. The government likely undertook the measure in light of its budgetary savings, however modest. While affected groups have mounted small protests, the overall reaction to the cuts has been muted. The government's follow through, or lack thereof, in replacing the subsidies with spending targeted on families truly in need will demonstrate what importance he still places on his image as the protector of the vulnerable. End summary.

#### A Majority of Belarusians Affected

2. (SBU) Cuts in social benefits in 2008 only need Lukashenko's signature in the next two weeks to become law. The measure would by some estimates affect six to seven million of Belarus' 9.7 million citizens. Categories currently receiving special privileges subject to full or partial cuts include: "veterans of labor" (retirees with long and/or distinguished service); victims of Nazi-era German labor camps, prisons and ghettos; the disabled; "Chernobyl liquidators" (emergency service personnel who contained the Chernobyl disaster); children under the age of three; Interior Ministry, Emergency Services Ministry and State Control Committee employees; schoolchildren and university students; and blood donors.

#### Overall Budget Savings Modest

3. (SBU) Cuts vary by category, but generally slash free or discounted public transportation, monthly utility bills and medical care. The most common estimate of cost savings to the GOB is USD 79 million. Duma Deputy Olga Abramova, the only MP to vote against the cuts, correctly pointed out to her colleagues that the government could easily have trimmed this amount from the budget without impacting social spending. Former National Bank Chair Stanislav Bogdankevich told Deputy Pol/Econ Chief the savings, however minor, were the most likely motivation for the measure.

#### Public Reaction Hardly Overwhelming

4. (C) While numerous small demonstrations against the cuts have taken place throughout the country, the largest attempted protest, which was broken up by police in Minsk on May 20 drew under 100 activists, mostly students (further

protests are planned for June 1 in Mogilyov). Pol/Econ Chief invited representatives from several affected groups to a May 25 breakfast to discuss the bill and society's reaction. While an independent local deputy and leaders of groups representing student, Chernobyl liquidator and wheelchair users vowed to fight the measure, none predicted serious social unrest over the bill.

15. (C) Aleksandr Volchanin, a former local deputy and head of the newly registered Chernobyl Blast Aftermath Liquidators, vowed his organization would continue to petition Deputy Presidential Administration Head Natalya Petkevich and others associated with the bill. However, Volchanin noted many of his compatriots were afraid to speak out. Also, the GOB would stifle opposition to the cuts by rewarding pro-GOB groups, for instance rewarding Afghan war veterans for their support by excluding them from cuts.

#### Students Believe They Cannot Make a Difference

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16. (C) Executive Director of the Belarusian Helsinki Committee, Tatyana Gatsura, organized students to collect 6,000 signatures petitioning the government not to pass the bill. She divided students, and Belarusian society in general, into three classes -- government, opposition, and the ignorant. The ignorant predominate, according to Gatsura, and seek not to trouble themselves with social issues. A minority witnessed acts of repression and fear involvement, but most simply see no chance of achieving change. The Belarusian Republican Youth Union actively works to disinform students, according to Gatsura. She said the group sees its main purpose as explaining to youth how good they have it in Belarus.

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17. (C) Both Gatsura and Maksim Nikiforovich of the Council of the Association of Belarusian Students, one of the groups participating in the May 20 action, told Pol/Econ Chief the bill did not greatly concern most students. Gatsura said when Abramova talked with a group of students in April not one of them asked her about the bill. Nikiforovich explained the transportation cuts would not harm the many Minsk students who now drive cars. With solidarity among students low, according to Nikiforovich, there is little chance unaffected students will rally to the cause. Students from distant villages will lose free trips home, but rural students traditionally lack the will to speak out.

#### Most Disabled Belarusians Not Up to Protesting

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18. (C) Sergey Drozdovskiy, Chair of the Republican Association of Wheelchair Users, said few of his constituents would protest because most of Belarus' disabled were struggling to survive. As an example of their inability to pursue their interests via governmental organizations, Drozdovskiy said that although 40 percent of the disabled live in poverty, they represent only one percent of those receiving assistance for neighborhood centers.

#### Comment: Can Lukashenko Take the Poor for Granted?

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19. (C) Conventional wisdom and survey data suggest strong support for Lukashenko from pensioners and the lower classes. Pushing through social spending cuts could alienate these constituencies. By pushing the bill on benefits cuts through parliament, rather than issuing a presidential decree, Lukashenko demonstrated he wants to distance himself from the measure if it backfires. Bogdankevich even told us Lukashenko might not sign the bill, which would allow the dictator to portray himself to ill-informed supporters as the defender of the weak against a coldhearted independent parliament.

¶10. (C) GOB officials, most notably Petkevich, have claimed legislation targeting increased assistance at large families in need will follow shortly. Our interlocutors were surprisingly open to targeting assistance more efficiently, but they all doubted the GOB would act on its promises. Failure to do so would be a sure sign Lukashenko recognizes marginalized social groups cannot mobilize against him.

Stewart